


# Corporate governance

This statement describes how SpareBank 1 SMN complies with the 15 recommendations set out in the Norwegian Code of Practice for Corporate Governance (NUES).

The statement has been prepared in conformity with the Accounting Act section 3-3b<sup>1)</sup> (2) and the Norwegian Code of Practice for Corporate Governance as published on 14 October 2021. The Code of Practice is available at [nues.no](http://nues.no). There are no significant divergences from the Code of Practice.

SpareBank 1 SMN abides by provisions of the Financial Institutions Act (Finansforetaksloven<sup>2)</sup>) regulating the governance of financial institutions with appurtenant regulations and the issuer rules of  Euronext Growth Oslo Rule Book II<sup>3)</sup>.

SpareBank 1 SMN reports its compliance for each point of the Code of Practice. Where the Code of Practice is not followed, a justification for the deviation is given and the institution's arrangements are explained. Deviations are accounted for under point 6 and 7.

## Norwegian Code of Practice for Corporate Governance

The following explains how the 15 points set out in the Norwegian Code of Practice for Corporate Governance of 14 October 2021 are complied with.

### Point 1: Report on corporate governance

The board of directors has adopted a corporate governance policy and explains the company's corporate governance through the present document. SpareBank 1 SMN adheres to the Norwegian Code of Practice for Corporate Governance. The present document also accommodates the requirements of the Accounting Act section 3-3b.

Through its corporate governance policy the bank aims to assure sound management of its assets and to give added assurance that its stated goals and strategies will be realised. Good corporate governance encompasses the values, goals and overarching principles by which the bank is governed and controlled with a view to securing the interests of EC holders, depositors and other stakeholder groups.

Through its corporate governance the bank gives special emphasis to:

- a structure assuring targeted and independent management and control
- systems assuring monitoring and accountability
- effective risk management
- full information and effective communication
- non-discrimination of EC holders and a balanced relationship with other stakeholders
- compliance with laws, rules and ethical standards

*Deviations from point 1 of the Code of Practice: None*

### Point 2: Operations

SpareBank 1 SMN is a financial services group and part of the SpareBank 1 Alliance. SpareBank 1 SMN has enshrined the object of the business in article 1 of the articles of association, which is "to carry on

activity as a bank and moreover to pursue and participate in activities that the savings bank is entitled to engage in under licences held and legislation in force at any and all times.”

The group is organised with subsidiaries and related companies, as shown by the illustration below.

## Financial Group SpareBank 1 SMN



Figure 3: Overview of business lines in SpareBank 1 SMN

### Vision and strategy, goals and risk profile

SpareBank 1 SMN's vision is "together we make things happen". The vision is about creating energy, results, change and development in collaboration with employees, customers, suppliers, partners and local interests. SpareBank 1 SMN's values are: wholehearted, responsibly minded, likeable and capable.

SpareBank 1 SMN's strategy is laid out in the annual report, in which the strategic priorities are also described.

SpareBank 1 SMN aspires to be among the best performing banks in the Nordic region, and its overarching financial goal is deliver a return on equity of 13 per cent over time. The long-term CET1 target is 16.3 per cent, and for the group the objective is to keep the cost-income ratio below 40.

The board of directors sets the risk appetite to be adopted by the group each year, most recently in December 2023. More information about the company's risk profile is provided in point 10.

### Sustainability and corporate social responsibility

Corporate social responsible is a part of the group's DNA, and sustainability is a highly important aspect of the group's corporate social responsibility.

SpareBank 1 SMN works across the entire range of the UN sustainability goals and ESG. The group has endorsed the Science Based Targets initiative as a follow-up to the group's strategic objective of net zero emissions by 2050. The sustainability library at smn.no provides further information about the group's sustainability work.

Goals, strategies and risk profile are evaluated annually by the board of directors.

### Governance structure

The group's governance structure is shown in the model below. Risk management and compliance have the opportunity to report directly to the board of directors should the need arise.

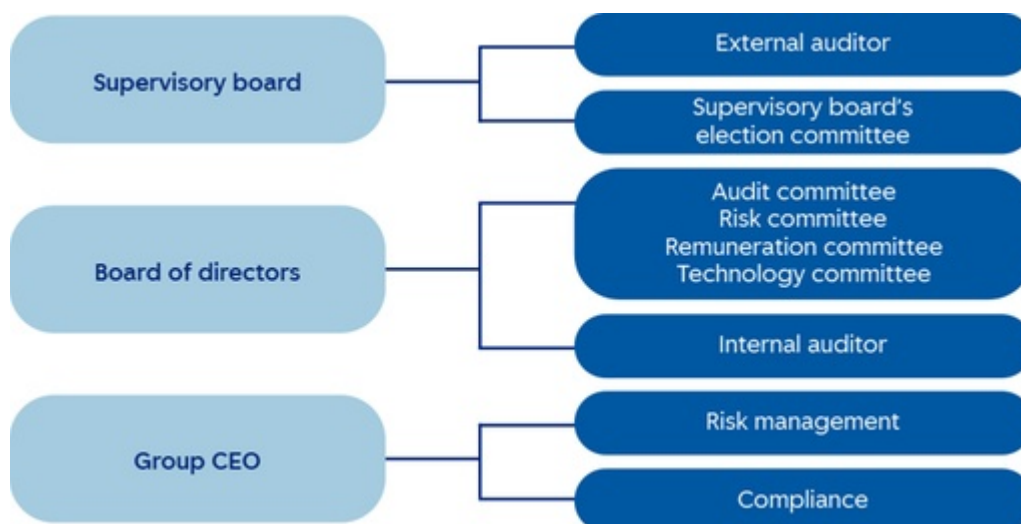


Figure 4: Governance structure

*Deviations from point 2 of the Code of Practice: None*

### Point 3: EC capital and dividends

The board of directors assesses the capital situation in light of the group's goals, strategy and desired risk profile. As at 31 December 2023 SpareBank 1 SMN's common equity tier 1 (CET1) ratio was 18.8 per cent, and its total capital ratio was 23.0 per cent.

For detailed information on capital adequacy, see the relevant note in the annual report. For a further account of the rules governing capital adequacy and the principles on which SpareBank 1 SMN bases its assessment of capital need, see the Pillar 3 report published at smn.no.

### Dividends

SpareBank 1 SMN aims to provide EC holders with a good return through dividend and a rising value of the bank's EC. The net profit for the year is distributed between the equity certificate capital (eierkapitalen) and

the ownerless capital (grunnfondskapital) in accordance with their respective shares of the bank's total equity capital. About one half of the net profit for the year is disbursed in dividends while the remainder goes to non-profit causes or is transferred to the foundation Sparebankstiftelsen SMN. The dividend payout is determined by the bank's supervisory board, account being taken of the expected profit trend, external framework conditions and the need for tier 1 capital.

The dividend policy is published on the bank's website.

#### **Acquisition of treasury equity certificates**

SpareBank 1 SMN's board of directors are authorised to buy treasury ECs for up to 5 per cent of the bank's owner capital. Such purchases shall be made by trading on the securities market via the Oslo Stock Exchange. The total volume of ECs held by the bank and/or in which it has a consensual security interest may not exceed 5 per cent of the bank's owner capital. Each EC may be bought at prices between NOK 1 and NOK 300. The authorisation is valid for 18 months as from the adoption of the resolution at the supervisory board's meeting on 28 March 2023.

#### **Increase of capital**

Authorisations to the board of directors to increase the bank's EC capital are given for specific and defined purposes. As at 31 December 2023 no such authorisation had been given.

*Deviations from point 3 of the Code of Practice: None*

#### **Point 4: Non-discrimination of shareholders**

SpareBank 1 SMN assures equal treatment of EC holders through its articles of association and management practice. All ECs confer an identical voting right, and the bank abides by provisions of the Financial Institutions Act regulating holdings and voting rights insofar as these provisions apply to savings banks with equity certificates. SpareBank 1 SMN has one equity certificate class.

In 2023 the employees were able to purchase equity certificates through a savings programme offering a bonus for continued ownership and employment. With a view to strengthening the equity certificate the bank's articles of association require a qualified majority for amendments concerning the owner capital (eierkapitalen).

In the event of an increase of the EC capital, existing EC holders have pre-emptive rights unless special circumstances call for deviation from this rule. Any such deviation will be substantiated in a stock exchange notice.

In 2023 the employees were invited to enter savings agreements in equity certificates involving an optional annual amount of NOK 6,000, 12,000, 24,000 or 36,000 respectively. Each quarter the group purchases ECs for the amount saved, doing so through Oslo Stock Exchange at market price. SpareBank 1 SMN awards one free EC for every two ECs purchased through the arrangement. Allocation of 'bonus ECs' takes place two years after commencement of saving on condition that the employee still owns the originally saved ECs and is still employed by the group. 1,054 employees availed themselves of the offer in 2023.

In order to strengthen the equity certificate as an attractive financial instrument and to increase investors' influence over decisions affecting the EC capital, the bank's articles of association require that a qualified majority of the representatives of the equity certificate holders vote in favour of amendments concerning the owner capital in addition to a qualified majority of the supervisory board. A list of the matters to which this

applies is set out in article 10-1 of the bank's articles of association which can be found on the bank's website.

*Deviations from point 4 of the Code of Practice: None*

#### **Point 5: Shares and transferability**

The bank's equity certificate is quoted on the Oslo Stock Exchange under the MING ticker symbol and is freely transferable. The articles of association contain no restrictions on transferability.

*Deviations from point 5 of the Code of Practice: None*

#### **Point 6: General meeting**

For financial institutions which are not public limited companies or private limited companies, the Financial Institutions Act Section 8-1(3) permits a term other than 'general meeting' to be prescribed for the company's highest body. According to article 3-1 of the articles of association, the bank's highest body shall be the supervisory board.

#### **Supervisory board**

The group's highest body is the supervisory board. The supervisory board shall see to it that the bank operates in line with its mission and in conformity with law, its articles of association and decisions of the supervisory board.

The composition of the supervisory board is established in article 3-3 of the articles of association and shall reflect the savings bank's owners, customer structure and stakeholder groups as well as its social function.

The supervisory board has 32 members and 30 alternates with the following representation:

- EC holders: 12 members and 10 alternates
- the county councils of Trøndelag
- and of Møre and Romsdal: 3 members and 3 alternates
- customers: 9 members and 9 alternates
- employees: 8 members and 8 alternates

The supervisory board's tasks are set out in article 3-10 of the articles of association.

Notice of meetings is sent to the supervisory board, the board of directors, the CEO and the auditor 21 days ahead of the meeting. The notice contains all case documents to be considered at the meeting, including proposed resolutions. The documents are published on the bank's website and by stock exchange notice, as well as by e-mail and the board portal.

Article 3-8 of the articles of association enables the savings bank to require that absence from the meeting shall be notified at least 5 days ahead of the meeting, which is considered to be the closest possible date to the meeting in terms of assuring the attendance of alternates.

Further, article 3-9 of the articles of association states that the meeting shall be presided over by the supervisory board chair or, in the latter's absence, by the deputy chair.

The minutes of the meetings are made available on the bank's website.

A list of supervisory board members can be found at smn.no.

*Deviations from point 6 of the Code of Practice: the supervisory board votes over the election committee's recommendation for members of the board of directors as a whole, out of consideration for the collective competence of the board of directors. This practice deviates from the NUES which recommends voting over the candidates one by one.*

### **Point 7: Election committee**

According to article 5-1 of the articles of association the bank shall have an election committee consisting of five members and five alternates who are elected by the supervisory board for a two-year term. The election committee shall mirror the composition of members of the supervisory board and be composed as follows:

- Two members with two alternates shall be elected from among the members elected by the representatives of the equity certificate holders
- One member with one alternate shall be elected from among the members elected by the representatives of the customers
- One member with one alternate shall be elected from among the members elected by the representatives of the county councils
- One member with one alternate shall be elected from among the members elected by the representatives of the employees

The supervisory board elects the chair of the election committee, its members, establishes instructions for the work of the election committee and determines the election committee's remuneration.

The election committee conducts annual discussions with all members of the board of directors and the group CEO in order to ascertain the competency needs of the board, and to obtain proposals for likely candidates for board positions.

The election committee shall prepare the customers' and the equity certificate holders' election of members and alternates to the supervisory board.

The election committee shall also prepare the election of:

- the chair and deputy chair of the supervisory board
- members of the board of directors
- the chair and deputy chair of the board of directors. These are elected at separate elections
- the members of the board of directors that are elected by supervisory board
- the chair, members and alternates to the election committee

The election committee shall give grounds for its nominations and the grounds given shall in each case contain information about the candidate's competence, capacity and independence, along with age, education and work experience. The grounds given should also contain any owner interests in the company, other assignments for the group and significant positions in other companies or organisations. In the event of re-election the nomination shall also provide information on the candidate's length of service with the company and their attendance at meetings.

The bank's website lists the members of the supervisory board's election committee, deadlines for submitting nominations, the date of the next election and a description of how nominations can be submitted.



The election committee proposes fees for all members of the respective bodies and submits the matter to the supervisory board for decision.

*Deviations from point 7 of the Code of Practice: All members of the supervisory board's election committee are appointed from among the groups represented on the supervisory board, in accordance with provisions of the articles of association.*

#### **Point 8: Board of directors, composition and independence**

According to the Financial Institutions Act section 8-6, *"The board of directors shall ensure that the requirements on the organisation of the institution and on the establishment of adequate governance and control systems are complied with"*.

According to article 4-1 of the articles of association, the board of directors shall consist of seven to nine members, and two members of the board of directors shall be elected by and from among the employees, if the employees so demand. The article also establishes that the board's members and alternates shall be elected for a two-year term. Members of the board of directors are appointed for two years at a time and can hold office for a maximum of 20 years, but not more than 12 years continuously in the same position; see article 7-1 of the articles of association.

As of 31 December 2023 the board of directors consists of nine regularly attending members and an observer. Of the board of directors' nine members, two are elected by and from among the employees. There are no senior employees on the board of directors. The seven members of the board of directors that are elected by the supervisory board are independent, both of the company and of the company's largest owners. The members of the board of directors are encouraged to own the bank's equity certificates.

The composition of the board of directors shall be based on the bank's articles of association and the election committee's instructions, and the company's competency needs. The election committee attaches importance to competence, capacity and diversity when considering potential candidates for board positions. The individual director's background, participation in board meetings and their holding of equity certificates is described in the annual report and at smn.no.

The board of directors acts as a collegiate body and adopts its decisions on a joint basis.

A liability insurance policy has been taken out for board members and the CEO.

*Deviations from point 8 of the Code of Practice: None*

#### **Point 9: Work of the board of directors**

The board of directors' work and procedures are regulated by the Financial Institutions Act, Chapter 8 II. The board of directors adopts all material strategies, including the bank's business strategies, risk management strategies and sustainability strategies. Moreover, the board of directors sets financial goals, market and organisational objectives and risk profile. It is the board of directors that appoints and dismisses the group CEO.

The board of directors has established instructions for the work of the board and the CEO, both adopted most recently on 20 June 2023. The instructions contain provisions on how agreements with related parties are to be handled. Details are given in the second paragraph under "independent consideration" below.

The board of directors receives regular reports on profit performance and market developments, the risk situation, compliance risk, on the status regarding anti-money laundering, the status regarding personal data protection and the status regarding information security in the group, as well as reports from the internal control function.

The board of directors conducts an annual evaluation of its work and of its own competence. It reviews its work format, procedures, meeting structure and prioritising of tasks, all of which in turn provides a basis for any changes and measures needed.

### **Independent consideration**

The board instructions stipulate that a director is barred from participating in the consideration of, or decision in, any matter whose significance to him/herself or to any related party is such that the director is to be regarded as having, directly or indirectly, a personal, financial or other vested interest in that matter. The same follows from the group's ethical guidelines. Each director is obliged to personally verify that he or she is not disqualified from participating in the consideration of a matter. The board opens each board meeting by clarifying whether circumstances are present calling for procedural adjustments.

Any agreement between the bank and a director or the group CEO must be approved by the board of directors, as must any agreement between the bank and a third party in which a director or the group CEO has a particular interest. Directors are required to disclose on their own initiative any interest that they personally or any related party may have. The board's assessments of legal (in)capacity issues shall be duly recorded.

Agreements of substantial financial significance between the bank and other group companies shall be presented to the board of directors for consideration.

### **Board committees**

The board of directors prepares matters through the statutory committees – the compensation committee, audit committee and risk committee. In addition the board has a technology committee to prepare technology cases. All committees have different chairs. The members are appointed for a two-year term. The board of directors establishes the committees' mandates.

### **Audit committee**

Pursuant to the Financial Institutions Act, section 8-19 subsection (2), the audit committee's tasks are:

- to prepare the board of directors' follow-up of the financial reporting process,
- where the undertaking's financial reporting is concerned, to monitor the internal control and risk management systems and the bank's internal audit
- issue an opinion on the election of the auditor,
- have ongoing contact with the bank's appointed auditor regarding the audit of the annual accounts,
- assess and monitor the auditor's independence and objectivity

The audit committee meets at least five times yearly ahead of the board of directors' consideration of the quarterly and annual reports.

### **Risk committee**



The risk committee's tasks are regulated in the Financial Institutions Act section 13-6(4) and the Financial Institutions Regulations section 13-2. The risk committee shall contribute to ensuring that risk management and capital management support the group's strategic development and goal attainment, and at the same time ensure financial stability and sound asset management. The risk committee shall contribute to ensuring that the group's management and control arrangements are appropriate to the risk level and scale of the business.

The committee shall inter alia:

- contribute to ensuring that risk management is in keeping with best practice and the board of directors' level of ambition
- review risk management strategies and policies as preparation for consideration by the board of directors
- contribute to ensuring that the group's capital adequacy is satisfactory in terms of the adopted group strategy
- contribute to ensuring that laws and regulations and internal rules that regulate the group are identified, implemented, complied with and overseen.

The risk committee meets at least five times yearly.

### **Remuneration committee**

The board of directors has established a remuneration committee which shall consist of at least three directors, one of whom shall be elected by the employees. The board chair is a permanent member of the committee and also chairs the committee.

The committee prepares and presents matters to the board relating to the group's remuneration arrangements, including:

- Remuneration policy
- Report on the implementation of remuneration arrangements
- Declaration regarding the determination of pay and other emoluments to senior employees that is submitted to the supervisory board
- Remuneration of the group CEO

The committee meets when convened by the chair, but at least once yearly and otherwise as and when required. The attendance of at least two members of the committee is required.

### **Technology committee**

In 2021 the bank established a technology committee as a preparatory body for the board of directors in matters related to the group's strategic investments in technology.

The technology committee consists of at least two directors who are not employed in the SpareBank 1 SMN group. The board of directors shall also appoint the chair of the technology committee.

The committee shall inter alia:

- Ensure adequate strategic investments in technology and digitalisation
- Ensure that strategic technology investments yield the desired value creation
- Assist the group management team in ensuring an adequate scope and pace of innovation

- Monitor and evaluate existing and future trends in technology/manufacturing which may impact the group's strategic plans

The committee meets when convened by the chair, but at least four times per year (once per quarter) and otherwise as and when required.

The bank will conduct an evaluation of whether the committee should be made permanent.

The committees are able to draw on resources within the administration, obtain advice and recommendations from sources outside the company, and they report from their proceedings to the assembled board of directors.

*Deviations from point 9 of the Code of Practice: None*

### **Point 10: Risk management and internal control**

SpareBank 1 SMN has a risk management function which reports to the group CEO and is entitled to report directly to the board of directors. The group has also engaged KPMG as internal auditor.

Sound risk and capital management are central to SpareBank 1 SMN's long-term value creation. Internal control shall help to ensure efficient operations and proper management of risks of significance to the attainment of business goals.

The group's report on capital requirements and risk management, the Pillar 3 Report, contains a description of risk management, capital management and capital calculation. The report is available at [smn.no](https://smn.no).

SpareBank 1 SMN aims to maintain a moderate risk profile and to apply risk monitoring of such high quality that no single event will seriously impair the bank's financial position. The bank's risk profile is quantified through targets for rating, risk-adjusted return, expected loss, necessary economic capital and regulatory capital adequacy.

The board of directors reviews the group's development in the main risk areas on a quarterly basis and reviews the internal control system on an annual basis. The board of directors has the main responsibility for setting limits to, and monitoring, the group's risk exposure. The bank's risks are measured and reported in accordance with the principles and policy which the board of directors has adopted and which underpin the group's strategic development and goal attainment.

The board of directors receives annually, from the internal auditor and external auditor, an independent assessment of the group's risk and internal control function. The board monitors compliance with adopted frameworks, principles, and quality and risk objectives through:

- quarterly reports from the group CEO and the risk management department
- quarterly reports from the compliance function
- quarterly reports/annual report from the internal auditor

SpareBank 1 SMN utilises the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework and the Control Objectives for Information and Related Technology (CobiT) framework as a basis for its principles for internal control and risk management.

Principles and boundaries for internal control and risk management are laid down in a separate policy. That policy sets out guidelines for the group's overall approach to risk management and aims to ensure that the group has an effective and appropriate process.

Managements at the various companies in the group are responsible for risk management and internal control with the aim of ensuring:

- targeted, safe, high-quality and cost-effective operations
- reliable and timely reporting
- compliance with applicable laws and regulations and with internal procedures and policies

### **Compliance**

The compliance function is organised independently of the business units and reports to the CEO. The function assesses the undertaking's policies, procedures and systems to ensure regulatory compliance, and provides advice on measures that should be taken to ensure compliance. The function assembles its observations in a quarterly report which is presented to the group management team and the board of directors.

The function shall also establish guidelines and processes for managing compliance risk and ensure that compliance is monitored and tested by means of a structured and well-defined monitoring programme.

Business lines, support functions and subsidiaries are required to attend to compliance by operationalising the policy for compliance and identified compliance risks adopted by the board of directors.

### **Internal control in relation to financial reporting**

The board of directors of SpareBank 1 SMN has adopted guidelines for the group's financial reporting. These conform to the current requirements imposed by the authorities and are designed to ensure relevant, reliable, timely and identical information to the bank's EC holders and the securities market in general.

Group Finance is headed by the CFO and is organised independently of the business lines. The unit attends to financial reporting at both parent-bank and group level, and establishes guidelines for monthly, quarterly and annual reporting from the various business lines and subsidiaries. The CFO assesses the business lines' financial results and goal achievement on an ongoing basis and sees to it that all entities perform in keeping with the group's overall financial objectives. The CFO reports directly to the group CEO.

The bank's Accounts Department and Strategy and Budget Management Department are organised under Group Finance and prepare financial reports for the group. The departments see to it that reporting is carried out in conformity with applicable legislation, accounting standards, the group's accounting policies and the board of directors' guidelines.

Group Finance has established processes to ensure that financial reporting is quality assured and that any errors and deficiencies are followed up on and rectified as and when identified. A number of control measures have been established to ensure that all financial reporting is correct, valid and complete.

Each quarter the external auditor conducts a limited audit of the group's interim financial statements. In addition a full audit is conducted of the group's annual financial statements.

For further information on risk management and internal control, see note 6 in the annual report concerning financial risk management and the group's report on capital requirements and risk management, the Pillar 3 report, which is available at [smn.no](https://smn.no).

### Internal audit

The internal audit function is a tool enabling the board of directors and the administration to oversee that the risk management process is targeted, effective and functions as intended. Internal audit services are delivered by KPMG. These services cover the parent bank and subsidiaries that are subject to the risk management and internal control regulations.

The internal audit function's main task is to confirm that the established internal control system functions as intended, and to ensure that risk management measures are adequate to the bank's risk profile. The internal audit function reports quarterly to the board of directors, and the internal audit's reports and recommendations are reviewed and improvements implemented on an ongoing basis.

The board of directors adopts annual plans and budgets for the internal audit function.

The internal audit function carries out the operational audit of units and business lines; it does not conduct a financial audit of the group. Annual audit plans are prepared which are discussed with the group management, considered by the risk committee and approved by the board of directors. The audit function's risk assessments determine which areas are to be reviewed. Separate audit reports are prepared containing results and proposed improvement measures which are presented to the responsible manager and the group management team. A summary of the reports is sent on a quarterly basis to the risk committee and the board of directors. Any consultancy services are provided within the scope of standards and recommendations applying to internal auditors (Institute of Internal Auditors Norway).

### Ethics and whistleblowing

Ethical guidelines have been drawn up for the group and its employees, and ethics is a standard topic at seminars for all new staff members. This helps to ensure that the group's values and ethical guidelines are properly communicated and made known throughout the organisation. Clear-cut guidelines have been established for reporting (whistleblowing) should any member of staff learn of circumstances that breach external or internal regulatory provisions or of other circumstances which are likely to harm the group's reputation or financial situation. How a report is to be handled is decided by the recipient of the report, in consultation with the HR manager and legal services director. The bank has an agreement with KPMG which ensures that a whistleblower can report anonymously. Whistleblowing via KPMG was utilised on three occasions in 2023.

*Deviations from point 10 of the Code of Practice: None*

### Point 11: Remuneration to the board of directors

Remuneration to the board of directors is prepared by supervisory board's election committee with a basis in market assessments, the board of directors' responsibilities, competencies, time spent and the group's complexity. The remuneration is fixed and not performance-related and no options are issued to the directors.

The board of directors' chair, the board's deputy chair and members of board committees are remunerated separately. None of the directors appointed by the supervisory board perform any task for the group beyond that of serving on the board of directors.

Further information on compensation to the board of directors and board committees is shown in the report on remuneration of senior employees which is published at smn.no.

*Deviations from point 11 of the Code of Practice: None*

### **Point 12: Remuneration to senior employees**

The group's remuneration policy is formulated in accordance with the Financial Institutions Act chapter 15 with appurtenant regulations. The board of directors' remuneration committee prepares the matter before the board of directors lays down the remuneration policy each year. The policy supports the group's overarching goals, risk tolerance and long-term interests.

The policy is moreover designed to achieve the following objectives:

- Promote prudent and effective management of risk and avoid unnecessary risk-taking
- Stimulate efficient use of capital
- Stimulate reduced risk of internal control failures

These rules also apply to other employees and senior personnel performing tasks of material significance for the group's risk exposure and to employees and senior personnel with control tasks.

The board of directors has a remuneration committee which prepares matters for the board. The remuneration committee deals with the remuneration arrangement, compensation to the group CEO and recommends guidelines for remuneration to senior employees (the group management). The remuneration policy was adopted by the board of directors most recently on 1 March 2023 and guidelines on remuneration to senior employees were adopted by the supervisory board on 28 March 2023.

A description of remuneration to the group CEO and senior employees is given in the report on remuneration of senior employees which is published at smn.no. Further details of the bank's remuneration arrangement are available on the bank's home page.

*Deviations from point 12 of the Code of Practice: None*

### **Point 13: Information and communication**

The bank's information policy is designed to underpin the relationship of trust between the bank's EC holders, board of directors and management team, and to ensure that the bank's stakeholders are at all times able to evaluate and relate to the bank. The bank's information policy is based on active dialogue in which openness, predictability and transparency are at centre stage.

The open information practice is in conformity with the bank's internal and external guidelines, with such limitations as follow from the duty of confidentiality and stock exchange rules in effect at any and all times.

Correct, relevant and timely information on the bank's progress and performance aims to instil investor market confidence. Information is communicated to the market via quarterly investor presentations, an investor relations area on the bank's website and stock exchange notices. The group's financial calendar is published on the bank's website.

Presentations for international partners, lenders and investors are also arranged on a regular basis. The board of directors has adopted a communication strategy indicating who can make statements on behalf of SpareBank 1 SMN and in what areas.

*Deviations from point 13 of the Code of Practice: None*

#### **Point 14: Takeover**

SpareBank 1 SMN's equity capital consists of owner (equity certificate) capital, ownerless capital and earned equity. The ownerless capital represents a 'self-owning' part of the savings bank which cannot be taken over by others through acquisition. A bank's ownership structure is moreover regulated by law such that approval is required for any acquisition entailing that a holding will represent 10 per cent or more of the bank's capital or voting rights. A list of the SpareBank 1 SMN's 20 largest EC holders is available on the bank's website at smn.no.

*Deviations from point 14 of the Code of Practice: Statutory limit on equity holdings*

#### **Point 15: External auditor**

The external auditor is appointed by the supervisory board. It is the audit committee that prepares the election of the auditor for the board of directors, and the board of directors submits its recommendation to the supervisory board. The supervisory board establishes the auditor's fee. The external auditor is one and the same for all companies in the group.

The external auditor performs the statutory confirmation of the financial information provided by the companies in their public financial statements. The external auditor presents each year to the audit committee a plan for the conduct of the audit. The external auditor provides the audit committee with a description of the main elements of the audit, including whether significant weaknesses have been identified in the bank's internal control related to the financial reporting process.


Further, the external auditor attends all meetings of the audit committee at which quarterly or annual accounts are reviewed and attends the meeting of the board of directors at which the annual accounts are reviewed. The board of directors holds at least one meeting each year with the external auditor without the group CEO or others from the day-to-day management team being present.

Guidelines have been established for the day-to day management team's right to utilise the external auditor for non-audit services. Any such services from the external auditor shall at all times be within the scope of the Auditors Act.

In addition the auditor confirms his independence and discloses whether any services other than statutory audit have been delivered to the group over the course of the accounting year.

*Deviations from point 15 of the Code of Practice: None*



- 1) Lov om årsregnskap m.v. (regnskapsloven) - Kapittel 3. Årsregnskap og årsberetning - Lovdata
- 2) Lov om finansforetak og finanskonsern (finansforetaksloven) - Lovdata
- 3)  <https://www.euronext.com/sites/default/files/2023-09/Euronext%20Growth%20Rule%20Book%20-%20Part%20II%20-%20Euronext%20Growth%20Oslo%20%28norsk%20versjon%29%20-%20ikrafttredelse%201%20oktober%202023.pdf>